

To the Audit Committee  
Leon County Research and Development Authority

We are pleased to present this report related to our audit of the financial statements of Leon County Research and Development Authority (the Authority) as of and for the year ended September 30, 2022. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Authority’s financial reporting process.

Auditing standards generally accepted in the United States of America (AU-C 260, *The Auditor’s Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial and related compliance reporting process.

<b>Area</b>	<b>Comments</b>
<b>Our Responsibilities With Regard to the Financial Statement Audit and Compliance</b>	Our responsibilities under auditing standards generally accepted in the United States of America and <i>Government Auditing Standards</i> issued by the Comptroller General of the United States have been described to you in our arrangement letter dated November 15, 2022. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
<b>Overview of the Planned Scope and Timing of the Financial Statement Audit</b>	We discussed with members of the Audit Committee and the Authority’s management various matters about which generally accepted auditing standards require communication. These include matters concerning two-way communication, our independence, the audit planning process, the concept of materiality in planning and executing the audit, identified significant risks, our approach to internal control relevant to the audit, and the timing of the audit.
<b>Accounting Policies and Practices</b>	<b>Adoption of, or Change in, Accounting Policies</b> Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Authority. The Authority did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.

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<b>Area</b>	<b>Comments</b>
<b>Accounting Policies and Practices (continued)</b>	<p><b>Significant Accounting Policies</b></p> <p>We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p> <p><b>Significant Unusual Transactions</b></p> <p>We did not identify any significant unusual transactions.</p>
<b>Management’s Judgments and Accounting Estimates</b>	<p>Accounting estimates are an integral part of the preparation of financial statements and are based upon management’s current judgment. The process used by management encompasses their knowledge and experience about past and current events, and certain assumptions about future events. Management has informed us that they used all the relevant facts available to them at the time to make the best judgments about accounting estimates, and we considered this information in the scope of our audit. Significant accounting estimates reflected in the Authority’s September 30, 2022 financial statements include:</p> <ul style="list-style-type: none"> <li>• Pension liabilities</li> <li>• Discount rate (applicable Federal Rate) used in the application of GASB 87 to determine the net present value of future lease payments</li> <li>• Amortization of capitalized fees</li> <li>• Useful lives used to calculate depreciation of capital assets</li> </ul> <p>The Audit Committee may wish to monitor throughout the year the process used to determine and record these accounting estimates.</p>
<b>Audit Adjustments</b>	<p>Audit adjustments proposed by us and recorded by Authority are shown on the attached <b>Exhibit A</b>.</p>
<b>Uncorrected Misstatements</b>	<p>There were no uncorrected misstatements that management determined to be immaterial.</p>

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<b>Area</b>	<b>Comments</b>
<b>Other Information Included in Annual Reports</b>	<p>Our responsibility for other information included in annual reports is to read the information and consider whether its content or the manner of its presentation is materially inconsistent with the financial information covered by our auditor's report, whether it contains a material misstatement of fact or whether the other information is otherwise misleading. We read the Authority's schedules of proportionate share of net pension liability and schedule of contributions for both the Florida Retirement System and the Health Insurance Subsidy Program. We did not identify material inconsistencies with the audited financial statements.</p>
<b>Observations About the Audit Process</b>	<p><b>Disagreements With Management</b></p> <p>We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.</p> <p><b>Consultations With Other Accountants</b></p> <p>We are not aware of any consultations management had with other accountants about accounting or auditing matters.</p> <p><b>Significant Issues Discussed With Management</b></p> <p>No significant issues arising from the audit were discussed or were the subject of correspondence with management.</p>

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Area	Comments
<p><b>Observations About the Audit Process (continued)</b></p>	<p><b>Significant Difficulties Encountered in Performing the Audit</b></p> <p>We did not encounter any significant difficulties in dealing with management during the audit. We received full cooperation and appreciate the assistance provided by the Authority’s financial and accounting personnel.</p> <p><b>Difficult or Contentious Matters That Required Consultation</b></p> <p>We did not encounter any significant and difficult or contentious matters that required consultation outside the engagement team.</p>
<p><b>Shared Responsibilities for Independence</b></p>	<p>Independence is a joint responsibility and is managed most effectively when management, audit committees, and audit firms work together in considering compliance with AICPA and <i>Government Accountability Office (GAO)</i> independence rules. For Thomas Howell Ferguson (THF) to fulfill its professional responsibility to maintain and monitor independence, management, the audit committee, and THF each play an important role.</p> <p><b>Our Responsibilities</b></p> <ul style="list-style-type: none"> <li>• AICPA and GAO rules require independence both of mind and in appearance when providing audit and other attestation services. THF is to ensure that the AICPA and GAO’s General Requirements for performing non-attest/nonaudit services are adhered to and included in all letters of engagement.</li> <li>• Maintain a system of quality control over compliance with independence rules and firm policies.</li> </ul>

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Area	Comments
<p><b>Shared Responsibilities for Independence (continued)</b></p>	<p><b>The Authority’s Responsibilities</b></p> <ul style="list-style-type: none"> <li>• Timely inform THF, before the effective date of transactions or other business changes, of the following: <ul style="list-style-type: none"> <li>– New affiliates, directors, officers, or person in financial reporting and compliance oversight roles.</li> <li>– Changes in the reporting entity impacting affiliates such as partnerships, related entities, investments, joint ventures, component units.</li> </ul> </li> <li>• Provide necessary affiliate information such as new or updated structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.</li> <li>• Understand and conclude on the permissibility, prior to the Authority and its affiliates, officers, directors, or persons in a decision-making capacity, engaging in business relationships with THF.</li> <li>• Not entering into arrangements of nonaudit services resulting in THF being involved in making management decisions on behalf of the Authority.</li> <li>• Not entering into relationships resulting in THF, THF covered persons or their close family members, temporarily or permanently acting as an officer, director, or person in an accounting, financial reporting or compliance oversight role at the Authority.</li> </ul>

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<u>Area</u>	<u>Comments</u>
<b>Internal Control and Compliance Matters</b>	We have separately communicated any significant deficiencies and material weaknesses in internal control and compliance findings over financial reporting identified during our audit of the financial statements and major awards, as required by <i>Government Auditing Standards</i> and <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</i> at 2 CFR 200 (Uniform Guidance). This communication is included in the Other Reports section of the financial statements.
<b>Significant Written Communications Between Management and Our Firm</b>	See <b>Exhibit B</b> for a copy of the representation letter provided to us by the Authority’s management.

This report is intended solely for the information and use of the Audit Committee and management of the Authority and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this letter. We appreciate the opportunity to continue to be of service to Leon County Research and Development Authority.

Tallahassee, Florida  
NEED DATE

**Leon County Research and Development Authority**

Year End: September 30, 2022  
 Journal Entries: Adjusting  
 Date: 10/1/2021 To 9/30/2022

Exhibit A

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
AJE#1	9/30/2022	Lease Receivable	1230-0000	7000. 1		5,027.00			
AJE#1	9/30/2022	Deferred Inflow of Resources - Leases	2280-0000	7000. 1			67,856.00		
AJE#1	9/30/2022	Unrestricted	2750-0000	7000. 1		85,876.00			
AJE#1	9/30/2022	Rent	3110-0000	7000. 1			28,510.00		
AJE#1	9/30/2022	Interest - Leases	3225-0000	7000. 1		5,463.00			
		to correct opening balances and							Factual
		9/30/22 balance for long term leases - GASB 87 implementation							
AJE#2	9/30/2022	Unearned Revenue - OEV MOU Current	2308-2000	6400. 1		141,742.00			
AJE#2	9/30/2022	Unrestricted	2750-0000	6400. 1		141,742.00			
AJE#2	9/30/2022	Restricted net position	2777-0000	6400. 1			141,742.00		
AJE#2	9/30/2022	Other Income	3310-0000	6400. 1			141,742.00		
		to correct balances for the OEV MOU							Factual
PBC#1	9/30/2022	Deferred Outflows of Resources - Pension	1960-0000	6392			19,722.00		
PBC#1	9/30/2022	Net Pension Liability	2320-0000	6392			100,785.00		
PBC#1	9/30/2022	Deferred Inflow of Resources - Pension	2420-0000	6392		101,762.00			
PBC#1	9/30/2022	Employee Benefits-Authority	4406-0000	6392		18,745.00			
		GASB 68 Entries							Factual
		<b>Net Income (Loss)</b>	<b>4,086,690.00</b>			<b>500,357.00</b>	<b>500,357.00</b>		